

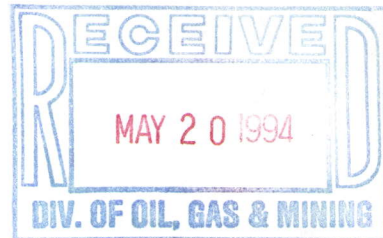


American Gilsonite Company

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Bonanza Mining Operations

M/047/010



May 18, 1994

Anthony A. Gallegos
Utah Division of Oil Gas and Mining
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

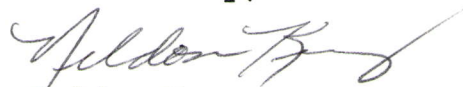
Dear Mr. Gallegos,

After our telephone discussion concerning the surety bond for this operation last October, you had further discussion with Cliff Doner, our Chief Financial Officer. According to Cliff, he reported to you that Chevron would continue to maintain the \$500,000 bond.

Since this is greater than the amount requested in your latest estimate, it appears to me that there should be no problem.

If you have any further questions, please do not hesitate to call me.

Yours truly,


Neldon Kunz
Mine Superintendent

NHK/dns